FINANCE REPORT FOR ET DISCUSSION

August 2015

FINANCIAL OVERVIEW & KEY RISK AREAS

DP Income

Year to date actual income is £7.067M which is within 0% of budget year to date for August. Given that we are so close to forecasted budget year to date, the full year forecast of £18M is deemed appropriate to remain as the full year forecast.

Cash Underspend

We continue to forecast an underspend against our budgeted income. At this stage, it is difficult to assess if this is a true underspend or due to the timing of expenditure, however if we continued to spend at this rate, a material underspend is likely.

We will continue to monitor our resources by:

- Review of income forecasts each month for accuracy/ prudence
- Fee income strategic work around how we set our fee levels
- Isolate key spend areas or projects that could be accelerated or put on hold for a quick turnaround if our environment changed with little notice
- Balance sheet reporting and cash flow reports are being developed and will be available once the purchase management system has been installed – expected to be in place by late 2015.

Staff Recruitment

Staff costs pose a significant risk to the business if recruitment cannot keep up with budgeted staff levels.
If we continue to underspend at the same rate each month against budget the likely full year underspend is estimated at £300k. Recruitment is ongoing to try and mitigate this.
September will be a key month for reporting as there are a high number of vacancies expected to be filled in this month which will slow down the rate of underspend significantly.

Due to the decision by HM Treasury that specific approval should have been sought for the Deputy Commissioner salary increases, an administrational fine of £18,400 has been imposed and will be recognised within this financial year. Retrospective approval was given and a briefing note included in the 2014/15 annual report.

Capital Spend

Our 'allocated' capital budget has now been informally confirmed as £850k (formal approval to follow at Budget Version 2) which is a very positive outcome following a month of uncertainty. Although this is a real achievement, we have been assured that this is unlikely to be available in

coming years. Planning has begun on how we can mitigate this risk and liaison meetings are ongoing with the MOJ.

Budget Version 2
We are now reporting internally against Budget Version 2 (BV2), reporting to the MOJ continues to be against BV1 until formal approval has been given.

Budget Review Update
There have been some recent format changes on the monthly budget report relating to income received through recovered costs based on feedback from budget reviews, so the month end cycle appears to be working well.

Purchase Management System
Work has started on the Purchase Management System and it is expected to be delivered by the end of October.

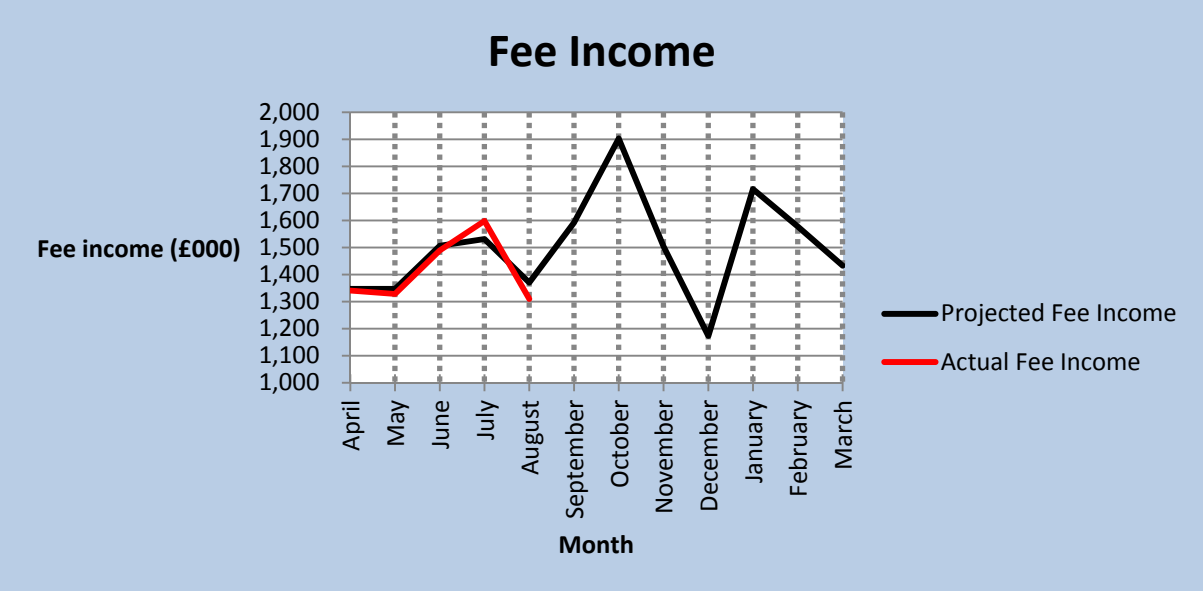
INCOME

Grant-in-aid for freedom of information activities

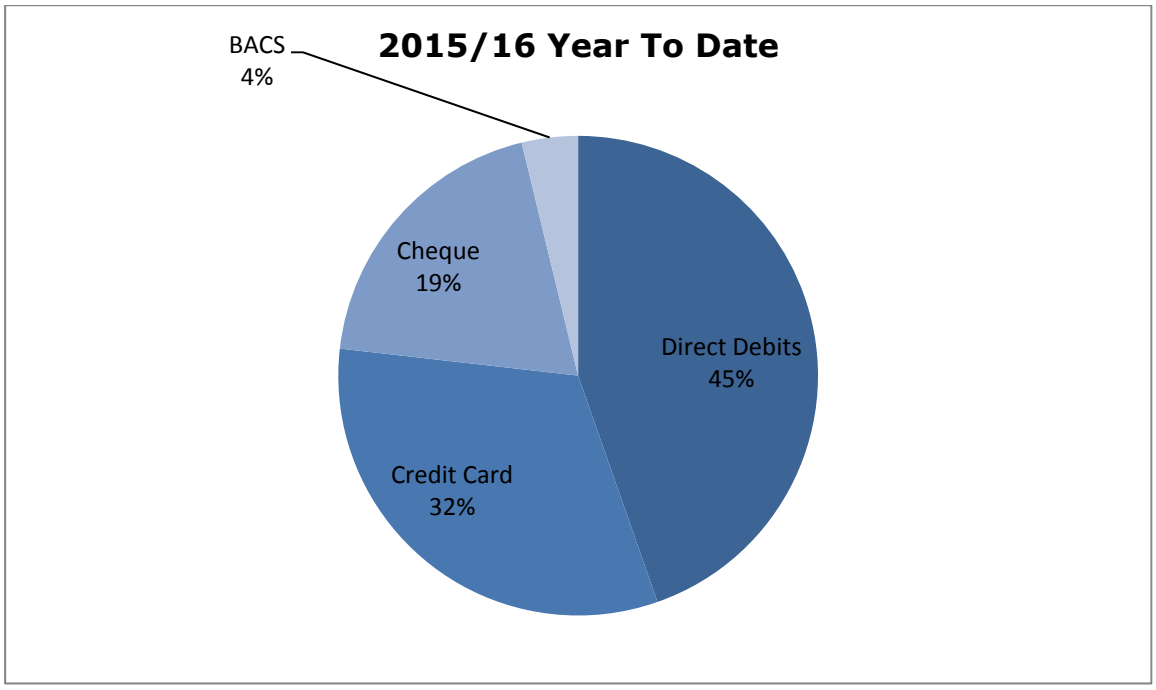
The grant-in-aid available for drawdown over 2015-16 has been confirmed at £3.7M, the first and second tranches of £938k and £921k respectively have been drawn, two further drawdowns are expected in October and January of £921k each.

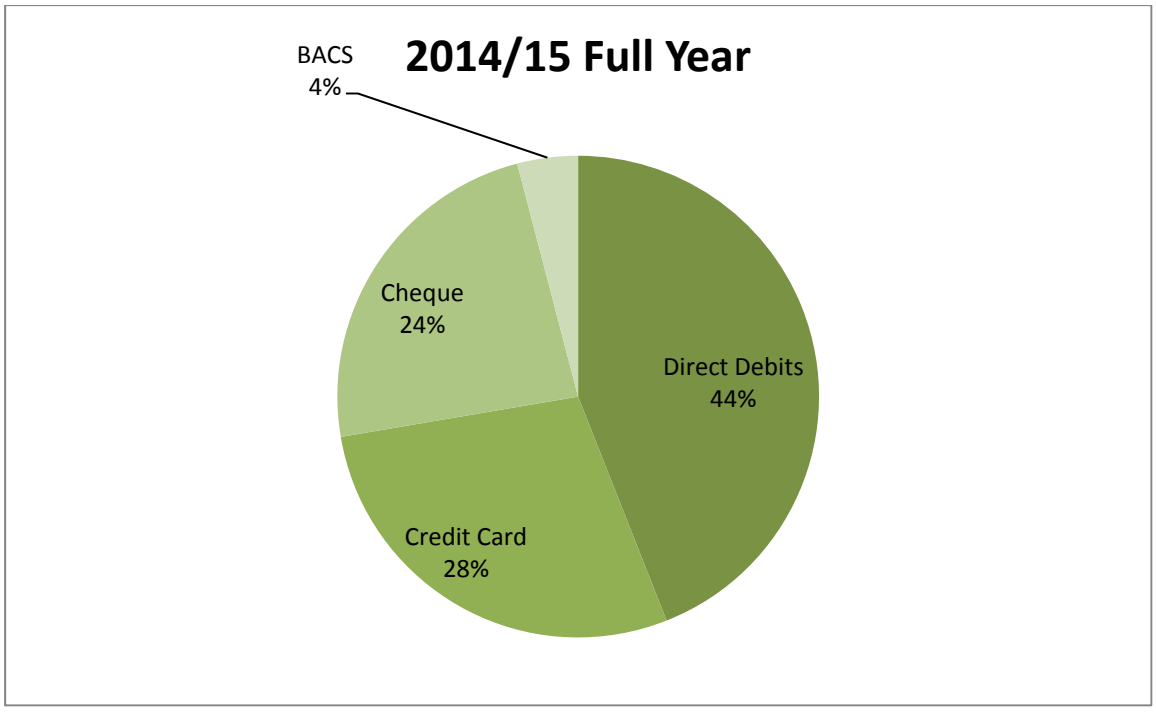
Data Protection fees processed

The chart below shows the actuals vs our current budget for the year 2015/16.



The year to date fee payment method split is shown below, showing a definite trend towards credit card payments (↑ 4%) and away from cheques (↓ 5%) from the average over 2014/15. Direct Debits are up (↑ 1%) and BACS payments remain consistent to 2014/15.





EXPENDITURE

Spending controls

The ICO is complying with the Cabinet Office Spending Controls Guidance v 4.0

https://www.gov.uk/government/publications/cabinet-office-controls/cabinet-office-controls-guidance-version-40

We are also required to obtain specific MOJ approval for any IT or communications spend over £50k for individual projects. We will only be required to report spend over £50k not included in the original budget. No such spend is known to have occurred to date.

Total office costs

There are quite a few categories within office costs that are over or under budget, as this is the first year we have separated out all of the distinct categories, the budget needs further work to make sure that each category is sufficiently resourced. Overall the budget is within 5% and not considered to be a risk of material over or underspend. This is being monitored closely.

Total staff FTE report and costs

Staff costs have come in £142k (3%) below forecasts for August. There is a change from the previous month due to the movement of the secondment salary recovery income – this is now presented within staff costs which offers a more accurate and informative overall picture of staff costs but has increased the underspend.

Based on the FTE compliment report (at the bottom of the management report); there are 15 vacancies at present, which gives a good idea why the underspend exists. There are a further 30 vacancies budgeted to be starting in September so that will be a key month for monitoring any risk of being under compliment and budget.

Training and Recruitment

Recruitment is over budget by £25k, largely due to the costs of recruitment of a new deputy commissioner (c. £10k) and other large scale recruitment drives. There are some minor underspends amongst training, although expectation is that the overall spend will be to budget.

IT Costs – Service Delivery

IT spend overall is to budget (within 8%), there are some minor fluctuations against budget lines where the spend is determined by usage – printing usage and telephony, which is to be expected.

Considering the major business impact of the IT incident in May, the actual realised costs (outside resource downtime) have been kept to a minimum and have been estimated at less than £15k. This additional cost has been included within App & Desktop Support.

IT Projects

There is an underspend within IT projects of £163k (45%). This is due to the IT incident taking up all resources although it is not expected to have any long term impact on the annual budget spend.

Communications Spend

Due to the almost seasonal nature of the communications spend especially within Campaigns, Print & Conferences we expect to see a deviation to the profiled budget. This will continue to improve as the months move on and we can profile more accurately. After review, no particular risk area has been identified with the communications spend.

Banking, finance & audit costs

Finance costs are as expected.

Staff travel

Overall staff travel is within 4% of budget, however there are significant fluctuations within departments with some underspending and some set to overspend due to various uplifts in the travel required. This is to be addressed at the next finance steering group.

Legal, professional & other

Legal is expected to spend to budget but can fluctuate according to case load, currently £14k (inc recovered costs) underspent.

Other costs relating to library and subscriptions tend to be front loaded hence the immaterial overspends across each category. This is not considered to be of risk.

Privacy seals project has yet to start spending and is currently £11k underspent, however this is expected to spend to budget.

CAPITAL EXPENDITURE

Across the IT project expenditure, approximately £150k is capital in nature. This will be confirmed during a detailed capital review later in the year.

Civil Monetary Penalties

The current debtor of CMPs owed to the ICO as at 31 August 2015 is £99,110.

B/f 2014-15	*142,500*
Issued penalties gross	390,000
Issued penalty increase post appeal	-
Issued prompt payment discount	(68,000)
Net	**464,500**
Paid	(290,390)
Impaired	(75,000)
Balance	**99,110**

Simon Entwisle, Deputy Chief Executive Officer
August 2015

MANAGEMENT REPORT

For the Five Months Ending 31 August 2015

	BV2 AUGUST 15 (£)	Year To Date Actual	Variance	Var %	BV2 AUGUST 15 (£)	Full Year Forecast (£)	Variance	Var %
GRANT IN AID	1,858,333	1,858,334	(1)	0%	3,681,600	3,681,601	(1)	0%
DP FEE INCOME	7,101,226	7,066,502	34,724	0%	18,000,000	17,965,276	34,724	0%
DRIPA INCOME	165,000	165,000	0	0%	330,000	330,000	0	0%
TOTAL INCOME	**9,124,559**	**9,089,836**	**34,723**	**0%**	**22,011,600**	**21,976,877**	**34,723**	**0%**
Income Check	*(9,124,559)*	*(9,089,836)*	*(34,723)*	*0%*	*(22,011,600)*	*(21,976,877)*	*(34,723)*	*0%*
RENT	316,362	293,912	22,450	7%	759,270	736,819	22,450	3%
RATES	97,520	105,341	(7,821)	(8%)	234,049	241,869	(7,821)	(3%)
SERVICE CHARGES	10,833	13,929	(3,095)	(29%)	26,000	29,095	(3,095)	(12%)
CAR PARKING	55,640	46,735	8,905	16%	117,576	108,671	8,905	8%
HEAT & LIGHT	33,000	34,490	(1,490)	(5%)	89,100	90,590	(1,490)	(2%)
WATER	6,665	7,486	(821)	(12%)	16,000	16,821	(821)	(5%)
CLEANING	21,667	24,966	(3,299)	(15%)	52,000	55,299	(3,299)	(6%)
SECURITY	23,680	24,700	(1,020)	(4%)	48,432	49,452	(1,020)	(2%)
WASTE	1,690	2,084	(394)	(23%)	4,056	4,450	(394)	(10%)
STORAGE	5,780	7,691	(1,911)	(33%)	13,872	15,783	(1,911)	(14%)
REPAIRS & MAINTENANCE	69,280	63,442	5,838	8%	100,219	94,381	5,838	6%
MOTOR COSTS	835	560	275	33%	2,000	1,725	275	14%
KITCHEN	8,958	13,968	(5,010)	(56%)	21,500	26,510	(5,010)	(23%)
FURNITURE	9,780	2,200	7,580	78%	23,475	15,895	7,580	32%
GENERAL EQUIPMENT	17,085	5,859	11,227	66%	55,000	43,774	11,227	20%
STATIONERY	12,500	11,252	1,248	10%	30,000	28,752	1,248	4%
POSTAGE	25,352	24,649	703	3%	60,845	60,142	703	1%
DOCUMENT DESTRUCTION	4,165	2,289	1,876	45%	10,000	8,124	1,876	19%
TOTAL OFFICE COSTS	**720,794**	**685,551**	**35,243**	**5%**	**1,663,394**	**1,628,151**	**35,243**	**2%**
SALARIES	4,399,452	4,264,521	134,931	3%	11,098,254	10,963,323	134,931	1%
OVERTIME	33,333	34,532	(1,199)	(4%)	80,000	81,199	(1,199)	(1%)
PENSION	916,585	873,123	43,462	5%	2,308,864	2,265,403	43,462	2%
NATIONAL INSURANCE	308,105	304,217	3,888	1%	777,309	773,421	3,888	1%
AGENCY STAFF	0	123,185	(123,185)	0%	0	123,185	(123,185)	0%
SALARIES INCOME	0	(68,718)	68,718	0%	0	(68,718)	68,718	0%
PENSION INCOME	0	(12,587)	12,587	0%	0	(12,587)	12,587	0%
NATIONAL INSURANCE INCOME	0	(5,364)	5,364	0%	0	(5,364)	5,364	0%
NON EXEC BOARD MEMBER	21,042	23,184	(2,143)	(10%)	50,500	52,643	(2,143)	(4%)
TOTAL STAFF COSTS	**5,678,518**	**5,536,094**	**142,423**	**3%**	**14,314,927**	**14,172,504**	**142,423**	**1%**
RECRUITMENT	20,835	46,103	(25,268)	(121%)	50,000	75,268	(25,268)	(51%)
HEALTH & SAFETY	10,415	16,778	(6,363)	(61%)	25,000	31,363	(6,363)	(25%)
FURTHER EDUCATION	2,500	0	2,500	100%	6,000	3,500	2,500	42%
TRAINING COURSES	3,148	10,976	(7,828)	(249%)	30,104	37,932	(7,828)	(26%)
CONFERENCES	35,000	23,965	11,035	32%	84,000	72,965	11,035	13%
MANAGEMENT DEVELOPMENT	10,000	2,867	7,133	71%	24,000	16,867	7,133	30%
TOTAL TRAINING AND RECRUITMENT	**81,898**	**100,689**	**(18,792)**	**(23%)**	**219,104**	**237,896**	**(18,792)**	**(9%)**
HOSTING, WEB AND TELEPHONY	301,665	315,881	(14,216)	(5%)	719,997	734,213	(14,216)	(2%)

MANAGEMENT REPORT

For the Five Months Ending 31 August 2015

	BV2 AUGUST 15 (£)	Year To Date Actual	Variance	Var %	BV2 AUGUST 15 (£)	Full Year Forecast (£)	Variance	Var %
APP & DESKTOP SUPPORT	283,335	303,615	(20,280)	(7%)	680,000	700,280	(20,280)	(3%)
SOFTWARE LICENSING	118,750	154,789	(36,039)	(30%)	285,000	321,039	(36,039)	(13%)
SECURITY CONTRACT	0	7,385	(7,385)	0%	50,000	57,385	(7,385)	(15%)
NOTIFICATION PRINTING	64,585	76,229	(11,644)	(18%)	155,000	166,644	(11,644)	(8%)
MANAGED PRINT	17,595	13,409	4,186	24%	42,231	38,045	4,186	10%
HARDWARE MAINTENANCE	33,335	16,827	16,508	50%	80,000	63,492	16,508	21%
GOV SECURE INTERNET	54,150	44,606	9,544	18%	130,000	120,456	9,544	7%
TELEPHONY CALLS & BROADBAND	38,335	51,075	(12,740)	(33%)	92,000	104,740	(12,740)	(14%)
TOTAL IT COSTS	**911,750**	**983,816**	**(72,066)**	**(8%)**	**2,234,228**	**2,306,294**	**(72,066)**	**(3%)**
ICE CRM DEVELOPMENT	90,000	63,476	26,524	29%	250,000	223,476	26,524	11%
FINANCE SYSTEM	0	5,384	(5,384)	0%	0	5,384	(5,384)	0%
MOBILE WORKING SOLUTIONS	0	3,441	(3,441)	0%	0	3,441	(3,441)	0%
DOCUMENT STORAGE SOLUTION	30,000	0	30,000	100%	100,000	70,000	30,000	30%
DIGITAL DELIVERY	45,000	4,875	40,125	89%	250,000	209,875	40,125	16%
INFRASTRUCTURE	90,000	57,596	32,405	36%	300,000	267,596	32,405	11%
OTHER PROJECT WORK	105,000	62,109	42,891	41%	315,000	272,109	42,891	14%
TOTAL PROJECT SPEND (INC CAPITAL)	**360,000**	**196,880**	**163,120**	**45%**	**1,215,000**	**1,051,880**	**163,120**	**13%**
CAMPAIGNS, MEDIA RELATIONS & PR	18,750	1,642	17,108	91%	45,000	27,892	17,108	38%
MEDIA MONITORING	18,750	22,676	(3,926)	(21%)	45,000	48,926	(3,926)	(9%)
DESIGN & PRINT	22,915	38,114	(15,199)	(66%)	55,000	70,199	(15,199)	(28%)
DISTRIBUTION	16,665	6,659	10,006	60%	40,000	29,994	10,006	25%
SURVEYS	27,500	4,234	23,266	85%	66,000	42,734	23,266	35%
CONFERENCES	54,665	69,112	(14,447)	(26%)	104,000	118,447	(14,447)	(14%)
CONFERENCE INCOME	0	(3,361)	3,361	0%	(44,000)	(47,361)	3,361	(8%)
ICON DEVELOPMENT	10,000	1,325	8,675	87%	24,000	15,325	8,675	36%
STAFF EVENTS	12,500	14,041	(1,541)	(12%)	16,000	17,541	(1,541)	(10%)
WEB MAINTENANCE	12,500	15,195	(2,695)	(22%)	30,000	32,695	(2,695)	(9%)
TOTAL COMMUNICATIONS	**194,245**	**169,635**	**24,610**	**13%**	**381,000**	**356,390**	**24,610**	**6%**
BANK CHARGES	16,667	17,117	(450)	(3%)	40,000	40,450	(450)	(1%)
CARD PROCESSING CHARGES	30,000	30,823	(823)	(3%)	72,000	72,823	(823)	(1%)
EXTERNAL AUDIT	12,500	12,500	0	0%	30,000	30,000	0	0%
INTERNAL AUDIT	15,570	15,030	540	3%	37,368	36,828	540	1%
TOTAL FINANCIAL COSTS	**74,737**	**75,470**	**(733)**	**(1%)**	**179,368**	**180,101**	**(733)**	**0%**
TRAVEL UK	152,760	137,870	14,890	10%	398,000	383,110	14,890	4%
TRAVEL OVERSEAS	16,670	31,054	(14,384)	(86%)	40,000	54,384	(14,384)	(36%)
TRAVEL INCOME - UK	0	(2,251)	2,251	0%	0	(2,251)	2,251	0%
TRAVEL INCOME - OVERSEAS	0	(4,846)	4,846	0%	0	(4,846)	4,846	0%
TOTAL TRAVEL	**169,430**	**161,827**	**7,603**	**4%**	**438,000**	**430,397**	**7,603**	**2%**
LEGAL	71,247	58,586	12,661	18%	300,000	287,339	12,661	4%
LEGAL COSTS RECOVERED	0	(1,167)	1,167	0%	0	(1,167)	1,167	0%
LIBRARY & SUBSCRIPTIONS	33,120	24,307	8,813	27%	79,500	70,687	8,813	11%
PROFESSIONAL SUBS	6,227	6,840	(614)	(10%)	13,544	14,158	(614)	(5%)
SUBSISTENCE	0	178	(178)	0%	0	178	(178)	0%

MANAGEMENT REPORT

For the Five Months Ending 31 August 2015

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RESEARCH	15,000	12,852	2,148	14%	50,000	47,852	2,148	4%
PRIVACY SEALS	11,110	0	11,110	100%	50,000	38,890	11,110	22%
PROFESSIONAL SERVICES	74,205	77,669	(3,464)	(5%)	182,500	185,964	(3,464)	(2%)
OTHER	0	3,060	(3,060)	0%	0	3,060	(3,060)	0%
TOTAL LEGAL, PROFESSIONAL & OTHER	**210,908**	**182,325**	**28,584**	**14%**	**675,544**	**646,960**	**28,584**	**4%**
TOTAL COSTS	**8,402,279**	**8,092,288**	**309,990**	**4%**	**21,320,566**	**21,010,576**	**309,990**	**1%**
Cost check	*8,402,279*	*8,092,288*	*309,990*	*4%*	*21,320,566*	*21,010,576*	*309,990*	*1%*
SURPLUS	**722,280**	**997,547**	**(275,267)**	**(38%)**	**691,034**	**966,301**	**(275,267)**	**(40%)**

FTE Staff Analysis

Permanent Staff Band A	9.6	8.6	1.0	0.1	9.6	8.6	1.0	0.1
Permanent Staff Band B	28.7	22.5	6.2	0.2	34.7	28.5	6.2	0.2
Permanent Staff Band C	115.9	102.7	13.2	0.1	122.9	109.7	13.2	0.1
Permanent Staff Band D	86.9	86.7	0.2	0.0	92.9	92.7	0.2	0.0
Permanent Staff Band E	96.3	88.5	7.9	0.1	99.3	91.5	7.9	0.1
Permanent Staff Band F	41.4	44.0	(2.6)	(0.1)	42.4	45.0	(2.6)	(0.1)
Permanent Staff Band G	12.0	12.0	0.0	0.0	12.0	12.0	0.0	0.0
Permanent Staff Band H	3.0	3.0	0.0	0.0	3.0	3.0	0.0	0.0
Agency Staff Band B	0.0	7.0	(7.0)	0.0	0.0	7.0	(7.0)	0.0
Agency Staff Band C	0.0	1.8	(1.8)	0.0	0.0	1.8	(1.8)	0.0
Agency Staff Band D	0.0	2.0	(2.0)	0.0	0.0	2.0	(2.0)	0.0
Total FTE staff	**393.8**	**378.8**	**15.0**	**0.0**	**416.8**	**401.8**	**15.0**	**0.0**